

# NASS

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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

**Corn.** The November forecast for 1998 corn production is 9.84 billion bushels, up 1% from last month and up 5% from 1997. Based on November 1 conditions, yields are expected to average 133.3 bushels per acre. If realized, this would be the second largest production and the second highest yield on record. A market year average price between \$1.80 and \$2.20 a bushel is expected compared with \$2.45 for the 1997 crop.

**Soybeans.** The 1998 soybean crop is forecasted at a record high 2.76 billion bushels, down fractionally from October 1 but 2% above the previous record set in 1997. The yield forecast, at 38.6 bushels per acre, is down 0.1 bushel from last month and is 0.2 bushel below the 1997 yield. If realized, this year's soybean yield would be the third highest yield on record.. The market year average price is projected between \$5.15 and \$5.75 per bushel compared with \$6.45 for the 1997 crop.

**Cotton.** U.S. 1998 all cotton production is forecasted at 13.2 million bales, down 30% from 1997. Yield is expected to average 612 pounds per acre, down 68 pounds from last year. On November 8<sup>th</sup>, U.S. harvest was 75% complete compared to the 5-year average of 69%.

**Rice.** U.S. rice production is forecasted at 180 million cwt, up 1% from 1997. If realized this would be the third highest production on record. The market year average price is expected to average between \$9.00 and \$9.50 per cwt compared to \$9.64 per cwt for the 1997/98 crop.

**Tobacco.** U.S. all tobacco production for 1998 is forecast at 1.55 billion pounds, down 13 percent from 1997. Harvested acres are 8% below last year. **Flue-cured** production is expected to total 825 million pounds, 21% below a year ago. **Burley** production is forecast at 633 million pounds, 3% below 1997.

**Other Crops.** **Grain Sorghum** was forecast November 1 at 521 million bushels, down 20% from 1997. The **peanut crop** is expected to be up 5% from last year.

**Cattle.** November 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more head totaled 10.76 million head, down 2% from a year earlier. Placements were down 3% from the previous year. Marketings of fed cattle were 2% lower than 1997. At mid-November, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$63 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$68 per cwt in mid-November, up slightly from mid-October.

**Hogs.** Hog slaughter during October was up 7% from the previous year. Average live weight was unchanged from the previous year at 257 pounds. Prices at mid-November (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$17 per cwt, down about \$12 from mid-October.

**Other Livestock.** October **milk production** was up 1.3% from the previous year. Production per cow increased 1.4%, however, the number of cows was almost unchanged from October 1997. The **October Basic Formula Price (BFP)** was \$16.04 per cwt, up 94 cents from September. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) increased 1.7 and 1.0 cents for the first and second weeks of November, respectively. This suggests that the December BFP will likely increase. During September, total **cheese** production was 3.7% below the previous year, **butter** production was down 15.4% and **nonfat dry milk** production was down 18.5%. **Sheep slaughter** for October totaled 323 thousand head down 4% from last year's number. The average live weight was 127 pounds, down 5 pounds from October a year ago.

The number of **table egg layers** in U.S. flocks on hand November 1 was 3% above a year ago. October **table egg production**, at 5.72 billion eggs, was up 2 percent from 1997. U.S. **egg production** for the 4th quarter of 1998 is expected to be up 3 percent from a year ago. Wholesale market **egg prices** for the 4th quarter of 1998 are expected to average 82-84 cents per dozen, compared with 88.2 cents a year ago. First quarter of 1999 market egg prices (Grade A large, New York) are expected to average 73-77 cents per dozen, compared with 79.0 cents a year ago. For the week ending November 14, cumulative **broiler placements** for 1998 in the 15 selected states were 6.23 billion, up slightly from the same period a year earlier. The wholesale 12 city average price for whole broilers for the 4th quarter is expected to be 62-64 cents, compared to 54 cents for the 4th quarter of last year. First quarter of 1999 broiler prices are expected to average 56-60 cents per pound, compared with 56.4 cents for a year earlier. Cumulative **turkey poult placements** for the 1999 marketing year were 9 percent less than the same period a year ago. Placements

in October were 7 percent less than last October. Prices (8-16 lb hens, Eastern Region) for the 4th quarter of 1998 are expected to be in the 69-71 cent range compared with 66.5 cents for the 4th quarter last year. Turkey prices for the first quarter of 1999 are expected to average 54-58 cents per pound, compared with the 55.1 cents average for the first quarter of 1998. **Supplies in refrigerated warehouses** the end of October compared with a year earlier were: chicken up 2%, turkeys down 9%, pork up 17%, beef up 2%, cheese up 3%, and frozen orange juice up 34%.

**Trade.** November U.S. **trade projections** for wheat, corn, rice, soybeans, beef, and pork improved compared with last month. Cotton, broilers, and turkeys were unchanged from October. November projections for the volume of exports for the 1998/99 marketing year compared to 1997/98 are: **wheat** up 11%; **corn** up 11%; **rice** unchanged; **soybeans** down 4%; **soybean meal** down 7%; **soybean oil** down 15%; and **cotton** down 40%. November projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 8%; **pork** up 6%; **broilers** down 3%; and **turkeys** up 2%. The U.S. **trade** deficit for goods and services decreased to \$14.0 billion in September, from a revised \$15.9 billion August. The U.S. **agricultural trade** surplus was \$549.9 million in September, compared with \$847.0 million in August.

**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, rose a seasonally adjusted 0.2% in October and rose 1.5% over the last 12 months. The **PPI** increased 0.2% in October; this followed an increase of 0.3% in September. For the 12-month period ending in October, the PPI decreased 0.7%. The October **prime rate**, averaging 8.12%, was down from 8.49% in September. Compared to a year earlier, **feed** prices in October were down 23%; **feeder livestock and poultry** prices down 11%; **fertilizer** down 8%; **ag chemicals** up 0.8%; **farm machinery** up 0.8%; **seeds** up 2%; and **fuels** down 21%.

**World Weather and Crop Developments** (November 8-14). In the **former Soviet Union** a cold front pushed southward over the region, ushering in the coldest weather of the season and halting winter grain growth as far south as the Black Sea Coast. However, the front produced beneficial precipitation in previously dry areas of eastern Ukraine and southern Russia. Widespread snow accompanied the colder weather, increasing snow cover. By week's end, a protective snow cover extended as far south as central Ukraine and the middle Volga Valley in Russia. Furthermore, moderate to heavy snow blanketed crop areas in central Ukraine, halting late-season harvest activities. In **Europe**, light to moderate showers kept soils unfavorably wet in England, France, and Germany, causing further delays in sugar beet and corn harvesting and winter wheat planting. However, the wet weather pattern in these areas has provided abundant topsoil moisture for winter grain establishment. In eastern Europe, unseasonably cold weather halted further vegetative growth in winter grains. Widespread, locally heavy rain covered most of eastern **Australia** crop areas. In Queensland and New South Wales, the moisture kept mature wheat and barley unfavorably wet, impeding harvests and worsening the outlook for final quality. Cotton and sorghum also needed drier weather for normal development. Seasonably dry weather continued to hamper rainfed winter wheat establishment across the **North China Plain**. Temperatures above normal increased crop water use for winter grains across the region. Moisture supplies were adequate for irrigated winter wheat due to normal summer rainfall. Mostly dry weather favored summer crop harvesting across the Korean Peninsula and southern Japan. Moderate rain slowed rice harvesting across northern Japan. In central **Argentina**, timely rain greatly benefitted reproductive winter wheat in southern Buenos Aires. This region accounts for 40 to 50 percent of Argentina's wheat production. Moderate rain also benefitted filling wheat in southern Cordoba. In southern Brazil, moderate showers increased soil moisture for soybean and corn planting throughout most areas. In the **U.S.**, an extremely powerful storm system delivered high winds and heavy snowfall to the northern Plains and upper Midwest, halting late summer-crop harvesting and lodging crops in some fields. Rain disrupted fieldwork in the remainder of the Midwest, but improved soil moisture in the Southeast. A second storm crossed the South after midweek, briefly disrupting cotton harvesting in California and southern Arizona. Heavy rain erupted across eastern Texas and portions of Louisiana on Thursday, continuing through week's end. Lowland flooding returned to some areas in southeastern Texas still recovering from the mid- to late-October flood. Rain also overspread the Pacific Northwest late in the week, easing dryness.

**Other News.** U.S. Agricultural Outlook (ERS). Although domestic use of **corn** will rise to a new record, only a small recovery in U.S. exports is likely. Global import demand is weak, despite low prices, because of economic and financial problems in several regions of the world. U.S. corn exports will remain comparatively low, although forecast to rally from the depressed performance of 1997/98 as competitor shipments decline. Sluggish export prospects will continue to put downward pressure on corn prices. Only since mid-August 1998, after more than a year of substandard service, has **rail service** in the western U.S. returned to stability. Steps taken by the Union Pacific Railroad early in the crisis, although slowing recovery in the short term, will add to overall rail capacity in the region for many years to come. Recent improvements should allow carriers to handle the 1998 grain and soybean harvest, which promises to be the largest in history. Peanut industry promotion efforts launched in 1996 have paid off, and while it is difficult to measure the impact, U.S. edible **peanut consumption** rose nearly 2 percent in 1997/98, to 2.17 billion pounds. Lower peanut prices and introduction of new products may also have helped boost consumption. The economic chaos in Indonesia has cut U.S. **agricultural exports** by more than half, from \$617 million in January-August 1996 to \$231 million during the same period in 1998. By itself, Indonesia is not a large market for U.S. agricultural exports, which totaled \$57.2 billion in 1997. However, Indonesia and its ailing Southeast Asian neighbors, together with South Korea, accounted for 16 percent of the increase in U.S. agricultural exports from 1990 to 1996. The Uruguay Round's overall impact on **agricultural trade** can be considered positive in moving toward several key goals, including reduction of agricultural export subsidies, new rules for agricultural import policy, and disciplines for sanitary and phytosanitary trade measures. While plans such as Roth IRA's offer new tax benefits, lower capital gains tax rates under the **1997 Tax Law** reaffirm farmers' inclination to reinvest in farm assets such as land and breeding or dairy livestock..

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